GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:1459
ANSWERED ON:28.11.2000
LOSSES IN CCL
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Will the Minister of COAL be pleased to state:

(a) whether despite increase in the production of coal, CCL is still undergoing losses;

(b) if so, the reasons therefor;

(c) the loss suffered by CCL during each of the last three years;

(d) the number of public coal companies running under losses indicating the reasons thereof; and

(e) the steps taken by the Government to check their losses?

Answer

MINISTER OF STATE FOR COAL (SHRI N.T.SHANMUGAM)

(a) to (c) Central Coalfields Limited (CCL) has been posting losses since 1994-95.

The year-wise annual losses of CCL for the last three years are as under:

Year	CCL losses in Rs/crores
1997-98	85.67
1998-99	149.35
1999-2000	121.24

The main reasons for CCL losses are as under:

i) Share of production from low grade reserve has increased against the high grade reserves resulting in adverse product-mix.
ii) On account of write off/adjustment against old sundry debtors during the last three years amounting to about Rs. 215 crores the company had to post losses.
iii) On account of delay in land acquisition, forest land clearance and rehabilitation of villages, the workable coal reserves got depleted. As a result coal production could not be made good.
iv) Production of medium coking coal got reduced on account of depletion of workable reserves which resulted in under-utilisation of washeries.
v) Seven areas in CCL have old and less productive mines with large work force.This adverse `production manpower` ratio is affecting profitability of the company.
vi) Adverse age profile of Heavy Earth Moving Machine (HEMM) in CCL on account of high number of older equipments resulted ir poor availability and utilisation. This situation has led to low productivity of the equipments.
vii) Uneconomic underground mines of CCL have high incidence of manpower

(d) Bharat Coking Coal Limited (BCCL) and Eastern Coalfields Limited (ECL), besides CCL, are the other two subsidiaries of Coa India Limited running under losses. The main reasons for loss in these two companies are
(i) existence of a large number of small underground (UG) mines, most of which were taken over at the time of nationalisation and are no longer amenable to significant increases in productivity,
(ii) low productivity from UG mines as compared to successive increases in wages and dearness allowance of the employees,
(iii) surplus manpower and
(iv) adverse geo-mining conditions and problem of land acquisition and resettlement of land oustees affecting production from a few large coal mines.

(e) In February, 1996, a package of capital restructuring of CIL was approved by the Government whereby CIL`s overdue liabilities of

Rs. 2228.57 crores were taken care of by waiver of arrears of interest, partly by conversion to preference equity and partly by moratorium on repayment and interest accrual. These benefits were passed on to the loss making subsidiaries such as ECL and BCCL. Further, in order to improve the performance of the loss making companies of ECL and BCCL the CIL had effected an internal restructuring of the equity and loan structure of its subsidiaries whereby debts of Rs. 994 crores in ECL and Rs. 1180.70 crores in BCCL were converted into equity. Despite a number of measures taken to improve the financial position of the loss making companies, these companies continue to incur losses. Therefore, Coal India Limited, the holding company engaged Industrial Credit and Investment Corporation of India Limited (ICICI) to suggest measures for revival of ECL. The ICICI report on ECL revival has been received. As regards BCCL and CCL, CIL Board has engaged ICICI and IDBI respectively for suggesting revival plans for BCCL & CCL.